Exploiting Conditionality: EU and International Actors and post-NPM Reform in Ireland

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Abstract

Between 2008-15 Ireland undertook unprecedented and systemic public sector reforms in a polity not traditionally considered a prominent reformer. While some of these reforms comprised part of the loan programme agreement with EU and international actors, many others did not. This article argues that the crisis in Ireland provided a window of opportunity to introduce reforms that political and administrative elites had previously found difficult to implement. The authority of the Troika was invoked to provide legitimacy for controversial initiatives, yet some of the reforms went further than the loan programme strictly required. A number of these concerning organisational rationalisation, the public service 'bargain' and transversal policy coordination, are considered here. Agreements were negotiated with public sector unions that facilitated sharp cuts in pay and conditions, reducing the potential for opposition to change. The reform effort was further legitimated by the reformers' post-NPM, whole-of-government discourse, which situated considerations of effectiveness and efficiency in a broader framework of public service quality and delivery.

Keywords
Ireland, GFC, Troika, Public Sector Reform, Post-NPM

Introduction

The Global Financial Crisis has reinvigorated the study of administrative cutback strategies, as a new generation of scholarship examines how governments and administrative systems have responded to the Great Recession. This work includes cross-national approaches (Bideleux 2011, Peters et al 2011, Kickert 2012; Coen and Roberts 2012), longitudinal perspectives (Hood et al 2014), and targeted studies of particular elements of national responses, including fiscal contraction (Dougherty and Klas 2009; Cepiku and Savignon 2012), and the changing public service bargain (Lodge and Hood 2012, Bach 2012). In practice, there have been 'as many responses as countries' (Peters 2011, p. 76), with governments adopting a variety of cutback strategies either in tandem, or switching between modes as circumstances demand. Levine (1979), for example, found that in contexts where retrenchment lasts for a long time and cuts are severe, it is more likely that a centralized approach will displace a decentralized approach. And in their survey of European states, Kickert et al (2015) also found a 'staged' approach, evolving from incremental 'salami-slicing'' to more targeted cuts.

Less attention has been given to the effects of the role of the EU institutions and international actors on the administrative reform efforts, including cutbacks, of individual member states. This is surprising, since within the countries that were subject to loan programmes managed by the Troika of the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF), there was a good deal of incremental learning and cross-pollination of ideas concerning the content of conditionality to be adopted. However, what is particularly striking is that in some instances, strong national ownership of the terms of the loan programmes provided the occasion for implementation not only of those conditionalities demanded by lenders, but for a more extensive adoption of reform initiatives.

Moury and Standrig (2017) identify this effect in Portugal, where the government is reported to have legitimated difficult reform priorities with reference to the obligations of the loan programme. We find a similar pattern in Ireland: the presence of the Troika provided a 'shadow authority' and a scapegoat in relation to some of the more politically challenging spending cutback measures.
The Irish experience is different in some important respects however. Ireland entered the crisis with a large backlog of government and official commitments to public sector reform that had not been implemented. Trade union resistance, equivocal political commitment, and weak implementing capacity had combined to produce a situation in which a notional commitment to New Public Management (NPM) reform ideas had seen very little follow-through. This all changed in the context of the Troika loan programme agreement.

The presence of the Troika was considered to be a thoroughly unwanted constraint on domestic policy autonomy. At the same time, there was broad-based consensus across the main political parties on implementing fiscal retrenchment and banking sector reform, so the response was to take domestic ownership of the terms of the loan programme. In some areas of administrative reform they went beyond the terms of the Troika's conditionality: in the spirit of 'never waste a crisis', they initiated a strong push for more extensive public sector reform initiatives than were strictly mandated by the international actors. In some instances, there is evidence (as is also said of the Portuguese case) that officials sought to redirect the priorities of the Troika away from measures the national actors believed were not important and inserting objectives that they designed themselves.

The period of the crisis saw Ireland move rapidly from a 'pre-reform' situation to introducing a range of measures that were consistent with the post-NPM priorities of whole-of-government reform, cross-Departmental coordination, and efficiency priorities in both administrative and industrial relations practices (Reiter and Klenk 2018; MacCarthaigh 2017). We argue that this was in large part made possible by the presence of the Troika, because it permitted the Irish government and the administrative elite to engage in a two-level game, invoking the Troika's force majeure to strengthen their own hand vis-à-vis a public sector workforce weakened by the impact of the fiscal crisis; meanwhile government could negotiate domestically-set reform priorities with the international lenders. The Troika did not itself actively seek to exercise what Sharpf has termed 'the shadow of hierarchy' (Scharpf 1994), or require compliance in any field outside the reform programme itself. However the presence of its officials and loan programme played a vital role for government in 'the blame game' (Hood 2010) in ways that made potentially far-reaching changes possible (Farrell 2017: 165). Ireland's exit from the loan programme that lasted from November 2010 to December 2013 deprived the Irish official sector of its external legitimator. While administrative reform initiatives were still undertaken, they were notably less contentious and less ambitious, particularly in the context of recovery of public sector trade union bargaining power.

Ireland provides a particularly interesting case study of temporally compressed yet wide-ranging public service reform, legitimated in the shadow of an external authority and facilitated by crisis conditions (cf MacCarthaigh and Hardiman 2017). In order to examine this further, the research in this paper is based on a series of elite interviews with Irish officials and other stakeholders conducted by the authors following the completion of the Troika programme. Primary data from official Irish and Troika sources, and secondary literature, are also used.

The paper proceeds as follows. The first section outlines the stasis in public management reform efforts prior to the crisis. The next section summarises the reform measures implemented in the early stages of the crisis, showing that this was focused primarily on fiscal measures. The following section profiles the conditionality built into the Troika's loan programme. Here we consider the ways in which this conditionality provided the means for introducing other reforms, notably in terms of organisations, the public service 'bargain', and transversal policy coordination. A final discussion section considers the cumulative effect and the significance of these externally and internally-devised developments from a post-NPM perspective.

The Irish case in context

Despite sharing many of the politico-administrative features of trailblazing NPM states such as New Zealand and the UK, as well as strong exposure to international market influences as part of its economic development strategy since the 1960s, Ireland was a comparative latecomer to the global NPM movement. There had been little significant adoption of market-type practices such as privatisation or performance measurement in the Irish case. The weak left-right cleavage in Irish politics muted the scope for ideologically-motivated agenda-setting about the organisation and function of the public service (Hardiman and MacCarthaigh 2011, MacCarthaigh 2011). So too did the fact that from the late 1980s reform initiatives were mediated through triennial pay negotiations with public service unions, entailing incremental changes in return for changes to terms and conditions of employment (Hardiman 2002).

Only in the mid-1990s do we find evidence of NPM ideas concerning markets and performance infusing public service reform programmes. Collins and Cradden suggest a fusion of market-conforming economics, increased international competition, and the need for social and economic regeneration associated with growing European integration may have contributed to a growth in the acceptability of NPM priorities amongst Irish political and administrative elites, 'albeit a version with a uniquely Irish flavour' (Collins and Cradden 2007, p. 27). But even though NPM principles began to feature in reform proposals and political rhetoric, and notwithstanding an explosion in the creation of new state agencies, the substance of administrative reform had modest connection to NPM's efficiency and market-based objectives (Hardiman and MacCarthaigh 2011). The more challenging elements such as performance management, decentralisation of authority, and a more open recruitment to the senior levels of the public service, were generally ignored. A review of the state's bureaucracy published by the OECD 2008 found a fragmented, complex and increasingly expensive administrative apparatus that had largely resisted the performance assessment measures common to NPM reforms (OECD 2008). And although the report suggested that 'Ireland has significantly advanced along a "*New Public Management*" continuum' (2008, p. 18), how long this continuum was and where it was going was not identified

Prior to the 2008 crisis, therefore, Ireland was a comparative laggard in respect of substantive public sector reform and certainly not in the vanguard of states engaged in NPM-type reforms. However, by 2016, the Irish public service had experienced a 21% reduction in the annual wage bill, a personnel reduction of some 10%, and a wide range of financial, political and organisational reforms that mirrored those of NPM leaders. The impetus for fiscal retrenchment can be explained by the conditionality requirements of a three-year bailout loan of some €67 billion provided by the EU and IMF in 2010. However, a deeper set of changes to administrative structures and practices was also taking place in the background: the crisis provided a window of opportunity for the implementation of a wider, domestically-generated administrative reform agenda.

The Global Financial Crisis and state retrenchment in Ireland

Ireland was one of the European states most immediately and severely affected by the financial crisis. This worked its way through the Irish political system in two phases. Firstly, the period 2007-2010, immediately after the ruling centre-right Fianna Fáil party formed a new government with the minority support of the Green party, was the period during which much of the 'heavy lifting' of spending and pay restraint was undertaken. The second began when the combination of unsustainable public finances and very large bank rescue obligations forced Ireland to enter a loan programme with the Troika in November 2010. The first period was marked by deep spending cuts and little attempt at strategic administrative or structural reform. The period following the loan programme, and especially after the change of government and the advent of a new opposition coalition made up of the centre-right Fine Gael and centre-left Labour Party, was marked by a much more vigorous commitment to systematic reform of budgetary process and administrative practices alike.

National debt doubled as a percentage of GDP between 2008 and 2010 (Table 1) and unemployment surging from under 5% in 2007 to almost 15% by end 2010. Several official reports into the causes of that crisis (Regling and Watson 2010; Honohan 2010; Wright 2010; Nyberg 2011; Houses of the Oireachtas 2016) pointed to a combination of domestic contributing factors, including weak regulation of financial institutions, weak state capacity, and pro-cyclical fiscal policies adopted by successive governments from the late 1990s. Table 1 shows the rapid escalation of public liabilities from well under Maastricht rules to significantly higher levels, driven by both the collapse of revenues alongside surging spending trends from 2008 on, and then the incorporation of the large borrowing requirements to rescue the banks from 2011.

<Table 1 about here>

Table 2 shows that very significant fiscal adjustment of almost 20% of GDP took place over the period 2008-15. Almost half of this total took place in the initial two years, with the remainder implemented between 2011 and 2015.

<Table 2 about here>

Significantly, both parties in the incoming government in early 2011 had also campaigned strongly on the issue of public sector reform, and this was subsequently reflected in their Programme for Government (Department of the Taoiseach 2011). This grand coalition of the centre-left Labour Party and centre-right Fine Gael created a new Department of Public Expenditure and Reform (DPER) alongside the Department of Finance. This new Ministry was given control of all monies raised by the Department of Finance, making it the institutional focus for expenditure control; it was also accorded the responsibility for undertaking a wide-ranging programme of managerial and administrative reform measures. As it controlled the budgets for all of government, DPER was able to marry its aim of shrinking the administrative state with reform implementation by means of an extensive reform governance and monitoring system. This combined remit was the key to its capacity to drive through a swathe of public sector reorganization and reform measures on a scale that had never previously been attempted.

And so, allied to the fiscal adjustment was a series of managerial, administrative and other public sector reform measures that were unprecedented not alone in an Irish context, but also internationally, given their 'whole-of-government' ambition (MacCarthaigh 2017). The political choices and ideological debates surrounding these reforms are considered elsewhere (Hardiman and MacCarthaigh 2016). Of interest here is the role played by the Troika of the IMF, EU and ECB in facilitating the implementation of this domestic reform agenda through a combination of force majeure by the Troika on the one hand, and the strategic uses of blame-shifting by the government on the other.

The Troika and Irish public service reforms

The experience of the Irish administrative system in relation to programme implementation was less conflictual than that of Greece (Spanou 2018) and rather more like that of Portugal. The scale and timetable of the loan programme largely matched the preferred strategy of the dominant political parties and policy community in Ireland (Hardiman 2014). As Laffan argues (Laffan 2017, p. 185), negotiations between Ireland and the Troika were concluded quite speedily because Irish officials had already prepared a four-year economic recovery plan at the behest of the Fianna Fáil-led government in the autumn of 2010. This contained targets for budgetary adjustment and fiscal consolidation running to 2014 as well as a series of structural reforms to expenditure management. This plan, subsequently published as the 'National Recovery Plan', was agreed to in full by the Troika whose approval of the contents gave the Irish government necessary political cover for its implementation. The incoming Fine Gael-Labour coalition adopted most of the core elements of this Plan, creating strong continuity in policy stance after the dramatic election outcome of February 2011.

The series of tripartite social pacts that had been negotiated since 1987 effectively ended in 2009 with the withdrawal of support by the private sector employers, but it had already been over-ridden several times in any case by unilateral government cuts to pay rates and pension entitlements, as well as to welfare payment rates, as the fiscal crisis intensified. In mid-2010, however, the Fianna Fáil-led government opened bilateral negotiations with the public sector unions. The ensuing Public Service (Croke Park) Agreement, negotiated under considerable duress, was a form of defensive or concession bargaining on the part of the unions. During a phase of ever more frequent and more painful cuts to public sector pay, the deal offered assurances that no further direct pay cuts would be introduced, but the corollary would be agreement to extensive changes to terms and conditions of employment. For the first time, government had obtained an effective negotiating lever to drive through changes in public sector work organisation and work practices. This agreement was continued by the incoming Fine Gael-Labour government in early 2011, and was renewed in further rounds of negotiated concession bargaining in the years that followed (Regan, 2013, 2017).

Union weakness did not result in the collapse of union power though. The minority Labour Party coalition partner insisted on defending social welfare reform, restoring the level of the minimum wage, and securing wage bargaining rights (Regan, 2017). The government maintained a mediating role, defending their status (conditional upon the unions continuing to support the Croke Park Agreement and its successor agreements), while accepting that neither unions nor voluntary or other third sector organisations had any real traction with the Troika, notwithstanding the IMF's commitment to public outreach structured engagement with major 'stakeholders' (Donovan 2016: 20). However, the trade unions and civil society organisations reported that the Troika members were unwilling to engage on any issues relating to the distributive effects of the loan programme, and the Irish Congress of Trade Unions withdrew from the meetings and refused to accord the Troika any further legitimacy (Interview with senior trade union official, 28 March 2017).

<Table 3 about here>

Both Hardiman et al (2017) and Laffan (2017) note sharp differences between the IMF and the EU authorities on various aspects of Ireland's loan conditionalities with regard to issues such as repayment of bank bondholders, the speed of fiscal consolidation, and the extent of structural reform and other features of conditionality associated the loan programme. Pisany-Ferry et al (2013: 119-20) also suggest that the relationship between the IMF and its partners was not always easy. The IMF was not used to cooperating with a regional partner as a minority lender; the EU partners initially feared the influence of 'Washington' in EU affairs. They were at odds with each other over how best to secure debt sustainability, the extent of public sector bail-in, the speed of fiscal consolidation, and the breadth of structural reform requirements in areas such as minimum wage, labour activation and sheltered profession issues which the EU partners were particularly interested to progress. Many of the targets initially proposed by the Troika were reworked or scheduled according to different timetables. Officials in the Department of Finance and in the Department of Expenditure and Reform, supported by their Ministers in the core cabinet committee known as the Economic Management Council (EMC, below), managed the renegotiation and restructuring of a number of the 270 clauses. The Department of Finance took the lead in driving the prioritisation of reforms, negotiating approval for substitution of measures deemed more important by the Irish authorities than the Troika's own agenda, and securing Troika support for the revised delivery dates. Not all of the declared objectives were in fact fully implemented: reform of the sheltered sectors (the legal, medical and pharmaceutical professions) was protracted if not abandoned altogether. The energy directed toward discharging the formal terms of the loan programme and exiting the programme also provided the determination to drive through a variety of other reform initiatives that had long proved too difficult to implement in the absence of a strong political will and in the face of determined trade union resistance. The Troika's presence, in effect, provided political cover for a coordinated political and bureaucratic programme of far-reaching administration and organizational reform.

The strategy of shifting the blame onto the Troika for a range of reforms that were not strictly required but which were regarded as desirable by senior officials was confirmed by many of our interviewees. Two senior Department of Finance officials recalled that:

> Of the whole loan programme, 270 out of 270 objectives were met… But they were not necessarily the objectives in the loan programme on Day One. There was a great deal of substitution of items and modification of timelines. The Department of Finance played a big role in pushing out the really stupid ones. And lots of things the Troika said they wanted were really stupid. (Interview, senior Department of Finance official, 19 July 2017).

Another interviewee reflected that:

> …being in the programme with the Troika made it possible to say "it's going to happen because we have to do it, that's the price to pay for Ireland staying as a functioning country"…the interaction between political and local pressure points make it difficult to [otherwise] bring in serious structural reforms in very tight timeframes… (Interview with senior Department of Public Expenditure and Reform official, 26 August 2014).

Similarly, another senior civil servant remarked that working to the Troika programme had given a strong focus to the work of government. Once they could no longer shield difficult decisions from public criticism and political pushback by blaming them on the Troika, normal electoral considerations were likely to reassert themselves, resulting in more caution about the scale of organizational and administrative reforms that were attempted: 'if you noticed when the Troika [loan programme] finished at the end of 2013, 2014 was probably the worst political year of the government' (Interview with senior Department of Finance official, 8 Jan 2016).

Reform Implementation

The Economic Management Council (EMC) consisted of the Taoiseach (PM, the leader of Fine Gael), Tánaiste (Deputy-PM and the leader of the Labour Party), and the Ministers for Finance and Public Expenditure and Reform respectively (one from each party), as well as their top officials and economic advisers. Informally referred to as a ‘War Cabinet’, the EMC’s primary role was to manage the Troika loan programme-related reforms, and to provide for speedy executive decision-making at a time of ongoing crisis. In the absence of minutes and with the exclusion of most Ministers from its deliberations, questions about its democratic accountability were routinely aired (and often by other Ministers), but so successful was it held to be that it survived for a further two years after Ireland’s exit from the loan programme.

At the administrative level, a new organisational unit, the External Programme Compliance Unit, was created within the Department of Finance with a remit to liaise with the Troika and ensure that all actions required under the agreement could be accounted for. Meetings between the Troika mission and Irish government took place every quarter, while a Troika representative was based permanently within Government Buildings for the duration of the loan programme. Each mission visit would conclude with a report declaring whether or not sufficient progress had been made. Ireland passed all such examinations and exited the loan programme on schedule in December 2013. Under the terms of the Troika loan programme, the state remained subject to two post-programme surveillance visits by the Troika per annum until 75% of the loans were repaid.

The presence of the Troika, and the coercive leverage provided by their control over the loan programme, provided legitimation for government’s drive to implement more extensive domestic reforms than had previously been attempted. This is not to suggest the relationship between Ireland and the Troika was without strain, but tensions were typically managed internally and did not emerge as public disagreements. As in Portugal, political and administrative actors sought to negotiate on problematic issues. Administrative capacity to adopt and implement targets was well developed. Disagreements became somewhat more overt after the formal departure of the Troika in late 2013. For example, in 2014, it was reported that Irish officials delivered a severe reprimand to a visiting Troika delegation after the European Commission had raised concerns about a controversial new water tax regime: European officials were reportedly told to ‘butt out’ of local political debate (Beesley 2014).

As noted above, DPER had been created to engage in substantial public sector reform efforts alongside management of the public finances. Within months it had published several papers on public expenditure reforms, and by the end of 2011 it had also produced a more encompassing report on reform of the public service more broadly. In addition to using the EMC to garner political approval for this reform agenda, the Department was supported at the highest political level by a new Cabinet Committee on Public Service Reform. Chaired by the Taoiseach, its primary role was to act as an accountability forum in order to overcome any barriers to the implementation of reform across the bureaucracy. DPER also created a 15-member Reform Board to manage implementation of its plans comprising a representative from each government department to oversee and co-ordinate their respective responsibilities. This ensured commitment to compliance on the part of departments and of the state agencies responsible to them. An internal web portal was developed to monitor each specific reform across the public service against agreed timelines and with named individuals being held responsible for their achievement, and all progress reports were reviewed by the Reform Board. The conditionalities associated with the Public Service (Croke Park) Agreement also facilitated the implementation of reforms. Table 4 demonstrates the strategic nature of this approach to both spending controls and to reform of public sector employment following the arrival of the Troika and the creation of DPER, compared with the ad hoc and less coordinated approach to reforms in the earlier 'emergency' stages of the crisis.

<Table 4 about here>

Beyond the Troika: Non-conditional reforms

Table 3 set out the reform measures agreed as part of the loan conditionality between Ireland and the Troika in 2010, as well as those that were not part of this conditionality. While almost all conditional reforms were achieved within the prescribed three-year period, they do not encompass the complete set of reforms introduced during this period. The presence of the Troika and the political and administrative architecture designed to implement the agreed reform agenda also facilitated other non-conditional reform measures. While many of these had been previously mooted in the OECD's 2008 report, others were unique to the Irish case. We have focused here on three areas of reform which went beyond the loan programme: organizational rationalization, reform to the Irish public service 'bargain', and transversal policy coordination. These are chosen as they speak to the characteristics most closely associated with post-NPM reforms, that is, a reassertion of centralisation and the introduction of stronger policy coordination mechanisms and political controls (cf. Reiter and Klenk 2018). Our contention here is that while the priorities of efficiency and effectiveness associated with NPM are indeed to the fore, the manner in which these reforms were implemented in Ireland is rather more in line with post-NPM priorities of coordination and whole-of-government functioning.

Organisational rationalisation

In parallel with the state's rapid economic development from the early 1990s, there was a marked increase in the number of state agencies in the fifteen years prior to the economic crisis (Figure 1). This was not driven by an NPM-inspired disaggregation of functions away from Ministries and into arm's-length bodies; rather it reflected the state's expansion of the range of its activities. As Figure 1 portrays, drawing on a dataset identifying the number of public organisations in Ireland for each year since 1922, the post-2008 period was the first in which a year-on-year contraction in the number of such organisations took place (MacCarthaigh 2014). Among the first measures undertaken by the government as the crisis took hold in 2008 was the termination of many small state agencies, and more followed in the subsequent years.

<Figure 1 about here>

The crisis provided a window of opportunity for reduction or 'rationalization' of the state's population of public organisations. The sustained focus on organizational rationalization was a first in modern Irish administrative history. The programme took a number of forms at local and sub-national levels, and largely took place alongside the Troika reform programme, though it was not a requirement of that programme. At the sub-national level, three local authority mergers took place, and the lowest tier of Irish local government – a network of 80 small municipal councils – ceased to exist after 2014 when staff and functions were transferred to the remaining city and county councils. As a result, just 31 of the 114 elected sub-national authorities that existed prior to the crisis were still in place by 2015, and the number of local politicians was reduced from 1,627 to 949. Of the 236 non-elected local and regional bodies in existence in 2012, only 96 (or 41%) were in place by 2016 (Shannon 2016, p.18).

At the national level, the public service reform plan introduced by DPER in 2011 set out a series of agency mergers and terminations, but also an extensive agenda of 'shared service' initiatives across the public service. The shared service concept had first been mooted in the OECD's 2008 review of the Irish public service (OECD 2008), but had effectively been shelved due to the economic crash. In 2011, DPER resurrected the idea for an extensive series of shared service centres (SSCs) across the Irish public service to generate efficiency savings through consolidation of common transactional processes. During 2012, recruitment to a new National Shared Service Office took place, and the first shared service centre – for civil service HR and pensions – opened in 2013. The rollout of SSCs continued beyond the Troika loan programme. By 2015 several more had been set up to deal with issues such as civil service payroll, local government payroll, and pensions and business services in the health sector. These were not uncontroversial developments, not least because they changed many aspects of public service employees' work practices, and delays and service errors dogged the rollout of the SSCs.

In parallel, and mirroring the idea of functional consolidation, all public service procurement activity was consolidated into a single national office, which opened in 2014 as the Office of Government Procurement (OGP). It provided for the first time a mechanism for collecting, analysing and reporting on procurement spending across the public service (Office of Government Procurement 2015: 3). The rationalisation of these organisational 'back office' functions across the Irish public service were largely out of public view, and this was not part of the Troika conditionality. But it was legitimated as part of the state's expenditure-reduction efforts, and the drive to see them through stemmed from the same impetus that powered compliance with the terms of the loan programme itself: 'never let a crisis go to waste'.

Reforming the public service bargain

Reducing the cost of the Irish public service necessitated more than organizational consolidation, and the Troika programme mandated a progressive reduction in headcount over the 2010-14 period. The aim was to reduce the total number of public servants by approximately 10% based on 2008 figures.

<Table 5 about here>

As Table 5 demonstrates, this resulted in over 30,000 people leaving the public service over the period in question, almost half of whom had departed prior to the Troika's arrival in late 2010. Furthermore, the two governments in office over this period introduced a series of reforms to the terms and condition of employment in the Irish public service. These changes to the 'public service bargain' (Hood and Lodge 2006) resulted in legislation providing for greater standardisation of terms and conditions of employment, standardisation of annual holiday and sick leave arrangements (including reductions in the period of paid sick leave), and a new pensions regime for all new recruits (cf MacCarthaigh 2017: 165-92). The trade unions' compliance with the terms of the public sector pay agreements meant that resistance to these developments was largely defused. For example, the middle and senior levels of the core civil service were fully opened up to external appointments, an issue that had long been opposed by public service unions. Other changes included the introduction of a new accountability regime for the top level of the civil service, and more specialist rather than generalist-based recruitment. These and other changes are set out in Table 6 below.

<Table 6 about here>

Transversal policy coordination

The final reform issue to be considered here concerns the Irish system of transversal (or horizontal) policy coordination. The eve-of-crisis review published by the OECD in 2008 had identified policy and organisational fragmentation as the over-arching issue to be addressed in the future reform of the Irish public service. The conditionalities associated with the Troika's programme had generated an urgent need to improve co-ordination across government. The reform implementation architecture, as we have seen above, involved the Economic Management Council, a Cabinet Committee on Public Service Reform, an (internal) Reform Board, and an online infrastructure for monitoring reform progress (MacCarthaigh 2017: 91-125). More generally, the Troika programme had set the tone for expenditure controls and new ways of working in the public service.

Alongside this Troika-inspired reform management, DPER engaged in a 'civil service renewal' project. The motivation for this project was the belief that the civil service had been damaged by public criticism of its role in the economic crisis as well as the effects of significant cutback measures. The renewal project was designed to be a bottom-up process of engagement that would involve all levels of the service having their say on what they believed a reform agenda should address. The project was built around the idea that a whole-of-government approach was necessary to successfully address the challenges now faced by the state as it emerged from the economic crisis. A Task Force consisting of representatives from across all government departments and major offices of state was created to manage the initiative, and a series of 'town hall' meetings between the state's top civil servants and its rank and file members took place during 2013 and 2014.

These meetings were conducted in parallel with a separate project within DPER that considered the issue of civil service and ministerial accountability. The findings of this study were merged with those of the renewal project in a report signed by all Secretaries-General (the top cadre of civil servants). This Civil Service Renewal Plan (DPER 2014) created two new forums designed to improve civil service accountability and cross-departmental management of major projects. The first was a Civil Service Accountability Board, chaired by the Taoiseach, which would have oversight of the implementation of crosscutting priorities set by the government and which would oversee a new performance management system for Secretaries-General. The second was a Civil Service Management Board, with a remit to manage the performance and operation of the civil service, identify and manage cross-government risks, and support the implementation of cross-departmental policy initiatives. One senior civil servant summarised the importance of these (and other) reforms:

> I think things have changed, I mean you're going to have a civil service accountability board with outside members, you're going to have change to performance management, you've a [Top Level Appointments Commission] with a majority of outside members and an independent chair, you're going to have a policing authority with an independent chair and independent members, [the] Public Appointments Service is doing state board appointments as well as public service appointments. So the whole superstructure and the whole way things are done and the whole way people are coming in and they're moving around has changed, in a way, forever.
> (Interview with senior civil servant, 15 April 2015)

The renewal project was initiated by domestic actors, but the context was provided by the crisis. The pursuit of this more 'joined-up' approach to policy implementation chimed with one of the OECD's primary recommendations in the 2008 review about overcoming excessive segmentation of policy-making and implementation in policy 'silos', informed by a post-NPM approach to public service reform. It was broadly accepted by both political and administrative elites that stronger modes of policy coordination were needed at the top level of Irish government to avert the risk of future crisis on the scale that had just been experienced.

Discussion: From pre- to post-NPM

The presence of the Troika between 2010 and 2013 coincided with the first three years of a new government elected on a reforming mandate. In addition to implementing the loan programme agreed by the outgoing government, the government used the Troika as political cover to push through other spending cuts and to introduce new changes in public sector organization and to restructure many of the terms and conditions of public sector employment.

The economic crisis in Ireland provided the Irish state with an opportunity to overcome its traditional reluctance to engage in the more difficult reform measures associated with NPM, including changes to terms and conditions of employment. However, this was not simply a case of imitating the vanguard of NPM trailblazers. Rather, the Irish case of public sector reform during the crisis period is best understood from a post-NPM reform perspective, also referred to as 'second generation NPM'. The administrative reforms featured consolidation and recentralization of administrative capacity (cf. OECD, 2010), and reassertion of central political power and greater coordination across and between levels of government. Post-NPM is associated with (re)centralization of control (political and administrative), as well as a greater focus on coordination, collaboration and joined-up outcomes (cf. Chapman and Duncan 2007; Jun 2009; Bouckaert et al. 2010; Goldfinch and Wallis 2011; Lodge and Gill 2011; De Vries and Nemec 2013; Reiter and Klenk 2018).

The post-NPM paradigm features a managerial dimension that retains the emphasis on performance and market ideas that had been introduced by the first wave of NPM. It is also characterised by reassertion of traditional bureaucratic ideas around impartiality, neutrality and standardisation of work practices (Christensen and Laegreid 2011). The search for centralisation, uniformity and standardisation in processes is also a common response to crisis and cutback management (Levine 1979, Bozeman 2010), as government seek to control costs and manage limited resources. DPER's extensive control over public expenditure, industrial relations and public sector reform was a clear manifestation of this centralising tendency.

The Irish case is one in which the crisis offered an opportunity for major reform of public sector structures and practices. But Ireland witnessed something more than a simple push to implement NPM-type reforms that had previously been viewed as politically unpalatable. Rather, this can be seen as a turn toward a hybrid post-NPM model of reform. Among its main features we may note the introduction of system-wide co-ordination and collaboration measures, the pursuit of standardisation in matters ranging from terms of public service employment to department-agency relationships, the reassertion of political control of the bureaucracy, along with renewed attention to public service values.

As the Irish state contracted in size and cost from 2008, a series of reform measures was introduced that resulted in greater standardization of organizational support services, uniformity in the terms and conditions of public service employment, and changes to accountability structures. These changes are consistent with traditional non-differentiated models of bureaucracy. New means of enhancing cross-government performance such as the civil service accountability and management boards, and the greater use of performance tools via shared services and consolidated procurement, are consistent with the managerialism of NPM, although without entailing the fragmentation of service delivery or strong hierarchical disciplines of classic NPM. However, in the three key areas discussed here – the broad drive toward organisational rationalization, the far-reaching reform of the public service bargain, and the scope of transversal policy co-ordination – what we have noted is an approach that is entirely consistent with the post-NPM paradigm. Ireland's sustained period of post-NPM reforms was facilitated by the political opportunity afforded by the shadow of hierarchy provided by the Troika. How sustainable such a reform paradigm can be in a state not known for radical administrative reform, and as the pressures of the economic crisis recedes, provides a new research agenda.

Conclusions

The Irish case of cutback management from 2008 bears evidence of political and administrative actors motivated by the idea that one should 'never waste a crisis'. A series of reforms that may previously been considered unlikely was framed by a political rhetoric that consistently stressed economic imperatives and limited scope for alternative budgetary choices. The implementation of these reforms was made considerably easier by the conditionality detailed in the loan programme agreement with the Troika in late 2010, adopted wholesale by the new government elected a few weeks later in 2011. This agreement set a cascading series of targets and necessitated a reform implementation architecture that could be used to drive other non-conditional reform measures.

In addition, the Irish government and senior administrative officials were emboldened to push for a further set of changes in public service organization, in the terms and conditions of public service employment, and in the manner in which Departments related to each other on policy matters. None of these measures were directly mandated by the loan programme, but the drive to execute them was legitimated with reference to the need to demonstrate efficiency and effectiveness gains. The presence of the Troika provided the focus for blame-shifting; the Troika provided the 'shadow of authority' if not the 'shadow of hierarchy' to justify the changes the government wished to make anyway.

The drive to consolidate centralised budgetary controls and to push through far-reaching changes in public sector work organisation and practices was motivated by the crisis and legitimated by the Troika. It was made possible by the unprecedented weakness of the public sector unions which were willing to negotiate agreements protecting their members from further unilateral pay cuts. But centrally managed and uniformly enforced retrenchment had lasting consequences for the workforce: the freeze in recruitment created shortages in the provision of front-line staff, pent-up wage demands generated pressure for pay restoration, and differential pay rates for those employed before and after the crisis resulted in a variety of anomalies in pay and conditions for different sectors of the workforce. Maintaining budgetary disciplines, managing expectations about pay and conditions, while attempting to meet electoral demands for improved services, would put the sustainability of the public sector reforms to the test over the following years: this is very much a work in progress.

The exploitation of conditionality was central to Ireland's transformation from what might be seen as a reform laggard to experimentation with post-NPM-style priorities. The Troika can be seen to have played an important role in this in two domains: formally, in setting the loan programme conditionality, and informally in providing the opening for more far-reaching reforms. The outcome could be viewed in terms of Kingdon's (1995) 'multiple streams' framework: the problem stream of public service reform had long been recognized, policy ideas were available, and the Troika created an opening for political and official actors to push ahead with their implementation. Future research must consider the 'stickiness' of the wide range of reforms introduced in Ireland during this period, and to assess the degree to which a reform culture can become self-generating arising from attempts to embed it within a dedicated government department. And in line with current discussions on post-NPM (Reiter and Klenk 2018), further research may consider whether or not the Irish case represents part of a new era in public sector reform globally arising from the GFC, or simply a case of reform 'layering' from which older patterns of behaviour will yet emerge.

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Table 1: General Government Gross Debt—Annual Data (Percentage of GDP), Ireland and EU (28)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EU (28 countries)	61.5	60.1	57.5	60.7	72.8	78.4	81.1	83.8	85.7	86.7	85.0
Ireland	26.1	23.6	23.9	42.4	61.7	86.3	109.6	119.5	119.5	105.2	78.6

Source: Eurostat (2016)

Table 2: ***Summary of Irish austerity measures, 2008-15 (billion euro)***

	2008-10	2011	2012	2013	2014	2015	2008-15
Revenue	5.6	1.4	1.6	1.3	0.9	0.7	11.5
Expenditure of which	9.2	3.9	2.2	2.3	1.6	1.3	20.5
Capital	1.6	1.9	0.8	0.6	0.1	0.0	5.0
Total	14.7	5.3	3.8	3.5	2.5	2.0	31.8
Share of GDP	9.2%	3.3%	2.3%	2.1%	1.5%	1.1%	**19.5%**

Source: Adapted from FitzGerald 2014, p. 9.

Table 3: Reforms agreed between Ireland and Troika in 2010

Troika Reform agreed in December 2010	**Position as of Dec 2013 (Troika 'exit')**	**Non-conditional reforms initiated during this period**
1. Further Fiscal Consolidation		• **Centralisation of all public sector procurement** • **Creation of shared service centres** • **New e-government agenda and creation of Office of Government Chief Information Officer** • **New state-owned enterprise shareholder**
Increased taxes and new indirect taxes (property, water, carbon)	Income tax bands reduced and new indirect taxes introduced. However, water charges resulted in considerable public protest and abandoned in 2016.	
Reduced government expenditure, including cuts to social protection, public service numbers, pay and pensions	Achieved, with Ireland returning to a General Government deficit below 3% by 2015.	

<table>
<tr><td></td><td></td><td rowspan="10">management unit
• Standardisation of terms and conditions of employment across public sector
• Open recruitment to senior levels of the public service
• New public service strategic HR strategy
• Creation of Irish Government Economic and Evaluation Service
• Triennial ‘comprehensive expenditure reviews’
• Civil service ‘renewal’ project
• Legislation to regulate political lobbying
• ‘Whistleblowers’ protection legislation
• Expanding remit of Ombudsman’s office
• New procedure for state agency board appointment
• First open government action plan
• Local authority mergers and consolidation (114 local authorities reduced to 31 by 2015)</td></tr>
<tr><td>A new Fiscal Responsibility Law, including a medium-term expenditure framework with binding multi-annual ceilings on expenditure in each area</td><td>Introduced</td></tr>
<tr><td>A budgetary advisory council to provide an independent assessment of the Government’s budgetary position and forecasts.</td><td>Irish Fiscal Advisory Council created</td></tr>
<tr><td colspan="2">2. Financial sector reforms, including recapitalisation of the Irish banks</td></tr>
<tr><td>Recapitalisation and reorganisation of the banking sector</td><td>Implemented</td></tr>
<tr><td>Burden-sharing by holders of subordinated debt</td><td>Implemented</td></tr>
<tr><td colspan="2">3. Structural Reforms</td></tr>
<tr><td>Social welfare activation measures</td><td rowspan="2">Creation of Intreo, a one-stop-shop for social welfare and activation measures</td></tr>
<tr><td>Streamline administration of unemployment benefits, social assistance and active labour market policies, to reduce the overlapping of competencies among different departments;</td></tr>
<tr><td>Labour market adjustments, including reductions to the minimum wage</td><td>As above, though minimum wage not reduced</td></tr>
</table>

Legislation to address restrictions to trade in sheltered sectors, including ▪ Legal profession ▪ Medical Profession ▪ Pharmacy Profession	Incomplete in all three sectors. A Legal Services Regulation Bill introduced but not passed by parliament by end 2013. A revised Bill introduced in 2016.	

Source: Adapted from Kinsella (2017)

Table 4 Phases of the Irish cutback management approach

	Emergency cuts (2008-10)	**Strategic cuts (2011-2013)**
Strategic approach	'Cheese slicing' cuts dominant	Targeted cuts dominant
Dominant expenditure control tools	Emergency budgets, 'stock-taking'	Troika 'bailout', Comprehensive review of expenditure, performance budgeting
Dominant public service reform objective	Emphasis on employee numbers reduction, pay cuts	Ongoing emphasis on numbers and pay, plus new reform measures
Industrial relations framework	1st pay agreement with unions	2nd pay agreement with unions
Organisational changes	Agency terminations dominant	Agency mergers dominant, new rationalisation / centralisation measures
Primary authority for reform	Department of Finance	Department of Public Expenditure and Reform

Source: Adapted from MacCarthaigh 2017, p.134.

Table 5: Reduction in public service numbers 2008-14

	2008 (Q4)	**2009 (Q4)**	**2010 (Q4)**	**2011 (Q4)**	**2012 (Q4)**	**2013 (Q4)**	**2014 (Q4)**	**Total**
Total no. of Public Servants	320, 387	310, 747	305, 967	297, 327	290, 862	288, 217	289, 643	- 30,744 (9.6%)

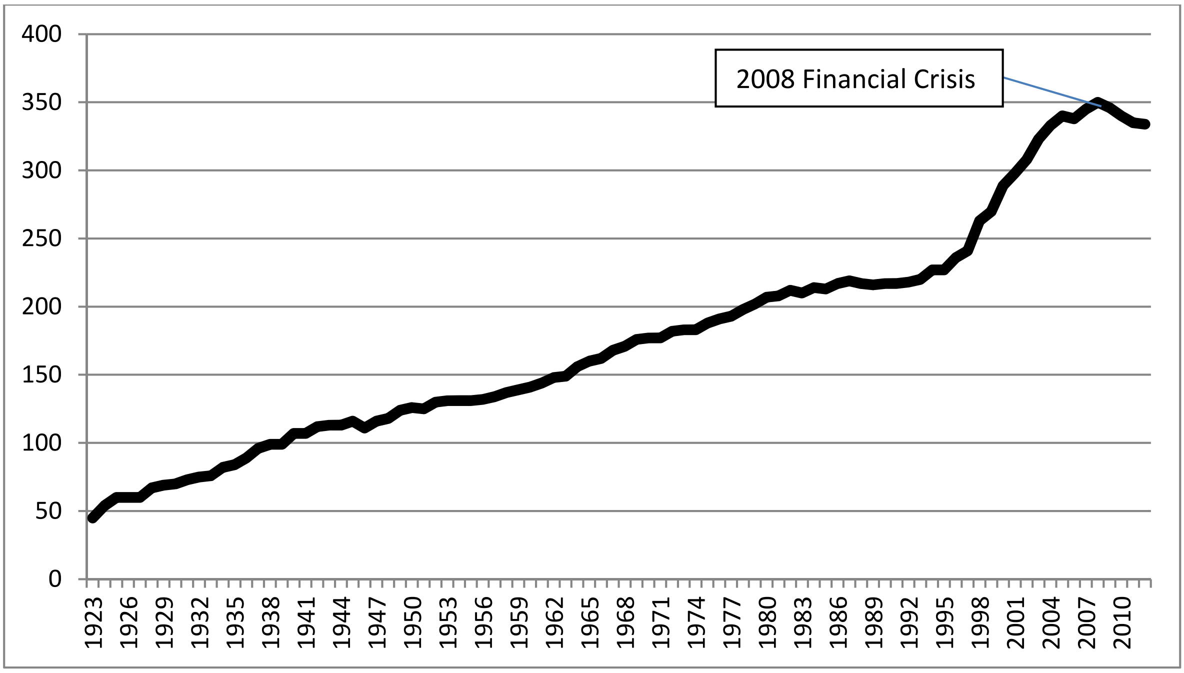
Source: PER Databank, http://databank.per.gov.ie/Public_Service_Numbers.aspx?rep=SectorTrend (accessed 27 Jan 2018)

Table 6: The changing character of the Irish Public Service Bargain

Aspect of PSB (Hood and Lodge 2006)	**Pre-Crisis**	**Post-Crisis**
Reward (tenure, remuneration)	Sectorally-organized public service labour market	Moves towards a more fluid public service labour market
	Largely closed recruitment to senior levels	Fully open recruitment at senior levels
	Weak linkage between performance and pay	Establishment of minimum standards for pay increases
	Defined benefit pensions, tax-free lump sum	Pensions based on career earning average, existing pensions taxed, revised pension schemes for new recruits.
Competence	Emphasis on generalist skills, 'on the job' learning for specialist tasks	Direct recruitment of more skilled personnel, new career development pathways within public service
	Use of agency form for policy development and expert recruitment.	Re-integration of policy advice functions from agencies.
Loyalty	Minister politically responsible for Department, some devolution of managerial responsibility to senior bureaucrats during 1990s.	Initiatives to provide for much greater devolution and demarcation of accountability.
	Civil servants prohibited from commenting on policy at parliamentary committees	Civil servants to be given greater latitude to comment on policy matters

Source: Adapted from Hardiman and MacCarthaigh 2016

Figure 1: National level public sector organisational development 1922 -14



Source: Hardiman et al. (2017), www.isad.ie